



## 2007 ASSEMBLY BILL 557

October 30, 2007 – Introduced by Representatives STRACHOTA, JESKEWITZ, FIELDS, KERKMAN, GUNDERSON, LEMAHIEU, SHILLING, VAN ROY, SHERIDAN, TAUCHEN, SMITH, PRIDEMORE, VOS, ZIPPERER and ALBERS, cosponsored by Senators KANAVAS, DARLING, KEDZIE, ROESSLER, SULLIVAN, OLSEN, LEIBHAM and KAPANKE. Referred to Committee on Jobs and The Economy.

1     **AN ACT to amend** 71.07 (5b) (c) 1., 71.07 (5d) (c) 1., 71.28 (5b) (c) 1., 71.47 (5b)  
2           (c) 1. and 560.205 (3) (d) of the statutes; **relating to:** increasing the amount of  
3           the early stage seed and angel investment credits.

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### *Analysis by the Legislative Reference Bureau*

Under current law, a person may claim an early stage seed investment income and franchise tax credit in an amount equal to 25 percent of the person's initial investment paid to a fund manager that the fund manager invests in a business that is certified by the Department of Commerce (Commerce) to receive such investments. The total amount of all credits that may be claimed in any calendar year is \$3,500,000 and the total amount that may be claimed in all taxable years is \$35,000,000. Under this bill, the total amount of all early stage seed investment credits that may be claimed in any calendar year is \$10,225,000 and the total amount that may be claimed in all taxable years is \$102,250,000.

Under current law, an individual may claim an income tax credit in each taxable year for two years, beginning with the taxable year certified by Commerce, in an amount equal to 12.5 percent of the individual's bona fide angel investment in a new business venture. The total amount of all credits that may be claimed in any calendar year is \$3,000,000 and the total amount that may be claimed in all taxable years is \$30,000,000. Under this bill, the total amount of all bona fide angel investment credits that may be claimed in any calendar year is \$8,775,000 and the total amount that may be claimed in all taxable years is \$87,750,000.

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For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

1           **SECTION 1.** 71.07 (5b) (c) 1. of the statutes is amended to read:

2           71.07 **(5b)** (c) 1. The maximum amount of the credits that may be claimed under  
3 this subsection and ss. 71.28 (5b) and 71.47 (5b) for all taxable years combined is  
4 ~~\$35,000,000~~ \$102,250,000.

5           **SECTION 2.** 71.07 (5d) (c) 1. of the statutes is amended to read:

6           71.07 **(5d)** (c) 1. The maximum amount of the credits that may be claimed under  
7 this subsection for all taxable years combined is ~~\$30,000,000~~ \$87,750,000.

8           **SECTION 3.** 71.28 (5b) (c) 1. of the statutes is amended to read:

9           71.28 **(5b)** (c) 1. The maximum amount of the credits that may be claimed under  
10 this subsection and ss. 71.07 (5b) and 71.47 (5b) for all taxable years combined is  
11 ~~\$35,000,000~~ \$102,250,000.

12           **SECTION 4.** 71.47 (5b) (c) 1. of the statutes is amended to read:

13           71.47 **(5b)** (c) 1. The maximum amount of the credits that may be claimed under  
14 this subsection and ss. 71.07 (5b) and 71.28 (5b) for all taxable years combined is  
15 ~~\$35,000,000~~ \$102,250,000.

16           **SECTION 5.** 560.205 (3) (d) of the statutes is amended to read:

17           560.205 **(3)** (d) *Rules.* The department of commerce, in consultation with the  
18 department of revenue, shall promulgate rules to administer this section. The rules  
19 shall further define “bona fide angel investment” for purposes of s. 71.07 (5d) (a) 1.  
20 The rules shall limit the aggregate amount of tax credits under s. 71.07 (5d) that may  
21 be claimed for investments in businesses certified under sub. (1) at ~~\$3,000,000~~

